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Voyager Digital to release all securities back to their creditors and file chapter 7 Bankruptcy

To The Honorable Judge Wiles,

I write as a customer of Voyager, a technologist, and a believer in the mission and potential of blockchain technologies, particularly bitcoin and ethereum.

You will be making a number of landmark decisions for this case. I write from the perspective of a typical Voyager customer and for all Voyager customers that were not given a voice in this matter, in the hopes of our voices being heard from the start through the close of this process.

I've been an advocate for cryptocurrency securities for more than five years. I became fundamentally sold on the value proposition of bitcoin and ethereum and decided to invest a majority of my savings into both, in light of several sovereign countries introducing cryptocurrency securities as recognized securities.

I made these purchases on exchanges other than Voyager. However, when I came across Voyager's online marketing, YouTube video promotions and CEO Steven Ehrlich's interviews of promising FDIC guarantees, well vetted investments, being a publicly traded company; I opened up an account and gradually transferred nearly all of my assets to Voyager.

I performed extensive due diligence prior to transferring my securities as millions as well did also. I ultimately chose Voyager for the following reasons:

The company was publicly listed, implying responsible stewardship of my assets.

Exhibit

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CEO, Steven Ehrlich, positioned as an industry veteran, working in the capital markets for more than 25 years and achieving the role of CEO of E*Trade Financial's Professional Trading division. Voyager claimed to have full FDIC protection on USD balances.

The Voyager Digital marketing campaign and CEO used fraud and false advertising to lure and steal millions of dollars from millions of customers, they are currently under investigation by many state agencies for these crimes.

Other potential crimes:

Voyager Digital **accepted deposits in June** when they knew they had no funds or crypto but they still scammed people and stole our money then froze the accounts.

They are being investigated by FDIC for fraud - they had false advertising. **False marketing about customer's owning crypto.** Yes this is a crime in the financial world. You cannot write whatever you want in your terms of service and then market it differently to gain customers for your scheme - you are committing fraud.

Shortly after the collapse of another cryptocurrency broker they released a statement by email to all Voyager digital creditors stating they had no exposure to the now collapsed broker and all creditors assets were safe, when in fact they knew they were exposed to 3 AC in attempt to trap in creditors prior to the collapse and attain creditors securities.

Ehrlich and by extension, the company, continually reassured customers in interviews that "their funds", were safe and not at risk and all the way up until days before bankruptcy (Note: I had been strongly considering withdrawing my crypto in early June due to market conditions, but was reassured not to by Voyager's press release on June 14 that read, "The company is well capitalized and in a good position to weather this cycle and protect customer assets," [emphasis added] combined with their announcement of the Alameda loan, which covered nearly the entire gap from the 3AC loan). To the point about the Alameda loan, it, combined with our assets on the platform that have not been lost and the \$10k per day withdrawal limit, seem to have been more than adequate to cover the company until the panic subsided – even in consideration of the \$75M per month limit that Alameda put on the debt facility. The Chapter 11 filing was a shock and presents more

questions than answers to us customers. Note that the User Agreement, section 5(C) reads: “Customer Cryptocurrency. Customer authorizes and instructs Voyager to hold Customer’s Cryptocurrency (whether purchased on the Platform or deposited by Customer into the Account pursuant to the Cryptocurrency Deposit mechanics outlined above) on its behalf.”

Actual June 14 email from Voyager as sent:

Hi Voyagers,

When we started Voyager, we made the decision to be one of the first public companies in the crypto industry. We could have easily kept things private, and some elements of our business would have been a whole lot easier. I’ll be the first one to tell you that. But we didn’t. We chose to be public because we are here to prioritize our customer assets at all times.

This means going the extra mile to be transparent about our balance sheet and providing regular updates on the state of our assets. The market is seeing some tough volatility right now, exacerbated by the news that Celsius has paused customer withdrawals. So I want to be ultra-clear on a few key points:

Voyager has zero customer asset exposure to Celsius. While we announced a partnership in 2019, through our ongoing due diligence and rigorous risk management process, we made a decision to start moving funds from Celsius earlier this year.

We have never engaged in DeFi lending activities, including algorithmic stablecoin staking and lending.

We have zero exposure to derivative assets like stETH.

As many of you know, Voyager has the benefit of seasoned leaders who’ve been through multiple market cycles. In other words, we have the experience to plan for volatile markets and the ability to stay agile. On our balance sheet, Voyager is well-capitalized and positioned to weather the bear market.

As you personally consider which crypto platform can support you through all market cycles, I urge you to look at how the company is disclosing the details of its financial position. Very few in the crypto industry are doing that today.

This is also a good time to remind everyone that USD is held by our banking partner, Metropolitan Commercial Bank, which is FDIC

insured. The cash you hold with Voyager is protected up to \$250,000—which means it’s as safe with us as at a bank.

Keep looking forward. Market cycles are temporary, and Voyager is here to stay.

Regards,

Steve

In the case of insolvency, much of the case law is not yet established for cryptocurrencies, who in their right mind would ever consider that the fair legal treatment of consumers’ assets would be outright forfeiture to the company, because of the company’s mistakes? We’re already severely disadvantaged by trusting in Voyager; why should we be even more so, to the offending party and their management’s benefit? Such a structure would incentivize companies like Voyager to file for Chapter 11 during any downturn or “crypto winter,” delay payouts until the market recovers, then issue “fair market value” claims on the assets at time of insolvency, when the underlying crypto assets are worth far more. This is a slippery slope, the decision you make on this case will ripple through the economy, law and the lives of hardworking Americans that can not fall victim to fraudulent companies filing fraudulent bankruptcy that put hard working Americans in the street after their hard earned money is stolen.

Voyager customers have had their life savings, peace of mind and futures stolen by a fraudulent company. Several Voyager customers have expressed in online forums their contemplation of suicide and have even attempted to commit suicide.

I hope to make clear the position on behalf of all Voyager customers and cryptocurrency holders, as expressed by thousands of us via online forums like Twitter, Reddit and Facebook. Our voice is being silenced by Voyager fraudulent activities.

Voyager’s best interest is themselves, not to the American people it defrauded. It will attempt to in its own fraudulent opinion credit worthless Voyager fiat currency and stock in place of cryptocurrency it stole. That is similar to Voyager taking a pound of gold and replacing it with a pound of sand. Their stock and fiat is worthless, it is a bankrupt company and its name is forever tarnished. Voyager and any derivative of this company have no value and never will. Forcing ownership of a

company that caused harm upon us, with an overinflated investment banking analyst's DCF analysis or comps-based valuation, is not a desired path forward for us. This attempt of bankruptcy is in an attempt to rebrand this fraudulent company and allow them to repeat their fraudulent behavior of deceiving people out of their money again.

What is to stop them from repeating this process or Ponzei like scheme again? You are hopefully.

Voyager is marketed as a broker and should file chapter 7 bankruptcy, which allows a SIPA like effect making all depositors whole. Cryptocurrency was deemed a security under the law so should be treated as so giving all assets back to Voyager digital account holders at 100%.

The only alternative to chapter 7 bankruptcy and liquidation is if a very respected, large cryptocurrency securities company were to acquire Voyager, financially back it, return our crypto assets intact, and provide adequate confidence that there would not be a repeat of what we're currently going through.

Thank you for your time and consideration. The thousands of us Voyager customers hope that you will carefully take our lives and livelihoods into consideration while presiding over this case.

Regards, Voyager Digital customers

Example of CEO claiming customer cryptocurrencies indeed belongs to them (11:47): <https://youtu.be/yWIVZo904u8?t=720>

Voyager conducts extremely high-risk lending, which we consider to be negligence asset management.

Example of outrageous uncollateralized loan to one counterparty: <https://www.cnbc.com/2022/06/27/three-arrows-capital-crypto-hedge-fund-defaults-on-voyager-loan.html>

Voyager advertises false claims through their official social media pages, email notifications, and sponsorship partners.

Example: Voyager continues to 'reassure' users that they are absolutely no reason for liquidity concerns.

<https://twitter.com/investvoyager/status/1536194363767902208>

Voyager petition to return all funds to owners

<https://chnng.it/Qdr4fY7Bgg>